



STATE OF ALABAMA
ALABAMA PUBLIC SERVICE COMMISSION
STATE OFFICE BUILDING
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JIM SULLIVAN, PRESIDENT
LYNN GREER, ASSOCIATE COMMISSIONER
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ALABAMA PUBLIC SERVICE COMMISSION

DOCKET 20326

V.

ALL TELEPHONE COMPANIES
OPERATING IN ALABAMA

REPORT AND ORDER

BY THE COMMISSION:

The Commission by its order of February 4, 1985, in Dockets 19225 and 19278, among other things, approved the operation of customer-owned, coin-operated telephones (COCOTS) and asserted jurisdiction of same. This order set out guidelines for the operation of COCOTS, and provided for certification and other matters pertaining to the operation of COCOTS. The order specifically prohibited the resale of toll telephone service by COCOTS. It further provided that after sixty (60) days from the effective date, all COCOTS found to be in non-compliance with the order would be immediately disconnected.

The Commission's on-going investigation of the operation of COCOTS revealed a large majority of COCOTS were in non-compliance of the February 4, 1985 order, which resulted in the issuance of our Further Order under Dockets 19225 and 19278, on August 21, 1987, which, among other things, placed a moratorium on the issuance of certificates for COCOTS.

By order issued September 17, 1987, the Commission found that because of the widespread problems existing in the operation of COCOTS, the entire matter should be re-examined for the purpose of issuing a further order or orders and additional rules and regulations pertaining to the operation of COCOTS. Therefore, this matter was set for hearing October 9, 1987, at 10 a.m., with testimony to be prefiled no later than September 29, 1987.

At the October 9, 1987 hearing, statements and prefiled testimony on behalf of Haymaker Communications, Inc.; Eagles; International Telcharge, Inc.; United States Public Communications,

Inc.; Jackson Diversified; TTI Telecommunications, Inc.; South Central Bell Telephone Company; General Telephone Company of the South; Southeastern Pay-Telephone, Inc.; and Tel-Co, Inc., were submitted into the record as direct testimony and were subjected to cross-examination by all parties submitting testimony, plus the Public Telephone Council. Additionally, statements were taken from a number of interested parties attending the hearing.

Based on the testimony and comments received at the hearing, and upon the concerns of the Commission, three issues emerged which the Commission is of the opinion need be addressed in this proceeding. Those three issues are directory assistance charges, certification of COCOTS, and the provision of toll service by COCOTS.

The first issue, directory assistance charges, was addressed by South Central Bell Telephone Company, stating the COCOT Access Service Tariff guidelines were subsequently modified to the February 4, 1985 order to allow COCOT-originated directory assistance calls to be charged to the end user. The rate for such a call was not to exceed the Local Exchange Company charge for similar calls from coin-operated instruments. Under existing tariffs, COCOTS in the South Central Bell service area are authorized to charge no more than twenty-five (.25) cents for each of these calls.

Presently South Central Bell charges each COCOT access line subscriber a tariff rate of forty (.40) cents for each direct-dialed (1 + 411 or 1 + 555-1212) intrastate directory assistance call originating on that line. Since the COCOT subscriber is limited to recovering only twenty-five (.25) cents of this charge, the Company proposed in its testimony that the direct-dialed directory assistance charge for COCOT access lines be reduced from forty (.40) cents to the twenty-five (.25) cent level to eliminate the disparity between the line charge and the end user charge, thus making recovery of such directory assistance charges a revenue neutral situation for the COCOT subscriber.

South Central Bell anticipates this will be a sufficient impetus for COCOT access line subscribers to limit charges for intrastate directory assistance calls to the twenty-five (.25) cent level. An added benefit of this proposal is the commonality of charges for this service from all public telephones in South Central Bell's geographical service area, a move that should reduce customer confusion. This proposal considers only sent-paid intrastate directory assistance calls. All non-sent paid calls (third number billing and credit card calls) will continue to be charged at the forty (.40) cent tariff rate, plus applicable operator surcharges, as such calls, which are not charged to the COCOT line but to the end user, should not incur an additional charge from the COCOT provider.

The Commission finds the proposal of South Central Bell regarding directory assistance charges to be well taken and in the best interest of COCOT providers and subscribers, and, therefore, is of the opinion that South Central Bell and the other Local Exchange Companies in the State should file appropriate tariffs reducing this charge to twenty-five cents.

As stated, the second issue to be considered is certification of COCOT providers. In the February 4, 1985 order, the Commission found certification should be done in a streamlined manner by the filing of a form document issued by the Commission stating the identity of the owner, the number of instruments owned, the location of each instrument, the telephone number, and affirming compliance with that order and the guidelines set out therein. It is the Commission's opinion that this form of streamlined certification has resulted in many of the problems the Commission is faced with today regarding the provision of COCOT service, in that this process has been abused and made enforcement extremely difficult.

Therefore, the Commission is of the opinion that full scale certification of COCOT owners wishing to provide service in the future should be required of any COCOT provider entering into the offering of this service from this date forward. However, to require

such certification of instruments already certified and in operation would not be equitable to such providers and, therefore, existing COCOTS should be grandfathered in. Future COCOT owner/providers will be required to obtain certification by the filing of an application and hearing on same, and subject to approval by the Commission. This certification should not be on an instrument by instrument basis, but on a company basis.

The Commission has received numerous requests to lift the moratorium imposed August 21, 1987, on the issuance of COCOT certificates and this was addressed by several participants at the hearing. It is the opinion of the Commission that the August 21 moratorium should be lifted upon certification of new COCOT providers and upon demonstrated compliance of COCOTS presently operating in the State. COCOTS presently operating who wish to provide additional service must also obtain certification prior to doing so.

The third stated issue is that of the resale of toll services from the COCOT provider, and much of the testimony and the comments received at the hearing related to this subject. Commission investigations of COCOTS over the past few months have revealed the area of resale of toll has been the most abused by practically all COCOTS operating in the State. The resale of toll telephone service historically in Alabama, and presently, has been the provision of such service over another carrier's facilities by the provider at a discount to the user and also at a profit to the provider. The resale of toll service by COCOTS was discussed in the February 4, 1985 order, wherein it was found the provision of such service should not be provided by COCOTS under that order, but rather to do so would require certification for the resale of toll telephone service as set out in Docket 18548, which addressed the resale of toll service in the State.

The Commission finds the reasons stated in 1985 are still valid today and that any COCOT wishing to provide the resale of toll services as defined herein must obtain a certificate for same under

the guidelines established in Docket 18548. However, in the best interest of the end users in Alabama, (all COCOTS operating in the State must provide toll service to all customers whereby the services available from a COCOT will be of the same nature as the operating companies' pay phones. This includes acceptance of local exchange and interexchange companies' credit cards.) COCOTs providing toll service to subscribers shall do so at the same charges, including time of day, weekend, and holiday discount rates, assessed by the toll carrier to the COCOT provider. This service shall not require resale certification. This precludes the charge of any operator-assist charges by the COCOT to the end user that is not assessed to the COCOT by the local exchange carrier.

In order to aid and ensure enforcement of resale of toll and prevent problems encountered in the past, the Commission is of the opinion that resale should be permitted for a twelve-month trial period from the date hereof subject to Commission review and affirmative vote prior to extension for a longer period of time.

There was considerable discussion concerning the use of alternate operator services in this proceeding. However, the use of such services will not be approved until such time such services are certified by the Commission. Operator and 911 services shall be provided by the local exchange companies.

In addition to the three major issues discussed above, Commission investigations have revealed another problem which also needs to be addressed. That problem pertains to the operation of coin telephones which require customers to push a button before they are able to talk to the answering party. These "push-to-talk" instruments have created great confusion among the using public because of the additional action which is required after the coin is dropped. Because of this confusion, the Commission is of the opinion that the operation of these instruments is not in the public interest and, therefore, should not be allowed.

IT IS, THEREFORE, ORDERED BY THE COMMISSION, That South Central Bell Telephone Company, and any other Local Exchange Company in the State providing access lines to COCOT providers, file appropriate tariffs within 30 days from the date of this Order reducing the direct-dialed, intrastate directory assistance charge for COCOT access lines from forty (.40) cents to twenty-five (.25) cents.

IT IS FURTHER ORDERED BY THE COMMISSION, That certification of COCOT providers shall be in accordance with the findings herein.

IT IS FURTHER ORDERED BY THE COMMISSION, That any COCOT provider wishing to resale toll telephone service in the State, as defined herein, shall make the proper application for, and obtain approval of, after hearing, a certificate as a toll reseller. This service shall be provided in accordance with the findings herein.

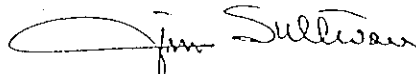
IT IS FURTHER ORDERED BY THE COMMISSION, That the guidelines and regulations set out under Dockets 19225 and 19278, except as amended herein, will continue to govern the provision of COCOT service.

IT IS FURTHER ORDERED BY THE COMMISSION, That any violation of this order, or the order under Dockets 19225 and 19278 issued February 4, 1985, shall result in the immediate disconnect of all service locations and revocation of the violators' certificate(s).

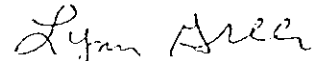
IT IS FURTHER ORDERED BY THE COMMISSION, That this order shall be effective as of the date hereof.

DATED at Montgomery, Alabama, this 3rd day of November, 1987.

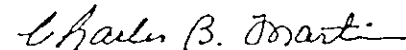
ALABAMA PUBLIC SERVICE COMMISSION



Jim Sullivan, President



Lynn Greer, Commissioner



Charles B. Martin, Commissioner

ATTEST: A True Copy



Wallace Tidmore, Secretary